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C O N F I D E N T I A L SECTION 01 OF 02 HONG KONG 001314

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STATE FOR EAP/CM

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SUBJECT: CONSUL GENERAL'S FAREWELL CALL ON EXCO CONVENER
C.Y. LEUNG

Classified By: Consul General Joseph Donovan, reasons 1.4 b/d.

¶1. (C) Summary. In his farewell call on Executive Council (ExCo) Convener C.Y. Leung on July 15, the Consul General and Leung discussed Hong Kong's electoral reform consultations. Leung noted that Beijing plays a major role, but that there has been a lack of progress and Hong Kong is not close to reaching a consensus. Leung also highlighted the relationship between the Chief Executive/Bureaucracy and LegCo calling it a fundamental issue that continues to challenge the Hong Kong government. Leung noted that a Hong Kong court is currently reviewing the authority of LegCo panels to conduct hearings, summon witnesses and demand documents. The outcome of the court case could have a significant impact on LegCo's authorities, he pointed out. End Summary.

¶2. (C) Executive Council (ExCo) Convener C.Y. Leung on July 15 told the Consul General that Hong Kong is not any closer to reaching a consensus on electoral reforms. The three primary players represented by the Chief Executive/Civil Service, LegCo and Beijing interact frequently, but no one person or entity has taken charge. Beijing is concerned with the outcome but hasn't provided clear, specific guidance.

¶3. (C) Leung and the CG discussed the relevance of a July 14 Court of First Instance decision granting a plaintiff's request for a judicial review of a LegCo select committee's powers to summon a witness and demand documents. Leung explained that the court agreed to review LegCo panels' (standing committees) authority to conduct hearings in place of LegCo as a whole. In response to the CG's query whether the review could effect LegCo's handling of issues such as the Lehman minibonds imbroglio, Leung mused that until the review is completed those summoned by LegCo's panels need not respond. While the review is on the judicial fast-track, regardless of the decision, numerous appeals could be expected, lengthening the period that LegCo panels' ability to conduct hearings would be on hold. Leung stated that many of his colleagues believe that LegCo has exceeded and possibly abused the powers granted by the Basic Law through the hearing process. LegCo has not won any sympathy by exercising these powers frequently over last 12 months, Leung stated. Coming back to the Lehman minibonds issue, Leung noted that LegCo put a great deal of energy into this issue, convening hearings and inquiries, but even the complainants have come to recognize the inefficacy of LegCo's efforts to resolve this issue.

¶4. (C) The CG noted that our attention has been focused on the process of choosing the Chief Executive and LegCo members in Hong Kong's electoral review consultations but that the authority of LegCo and its relationship to the Hong Kong bureaucracy/civil service were equally important issues. Leung agreed that the relationship between the Civil Service and LegCo is a very fundamental issue. He recounted his experience as a drafter of the Basic Law in 1988-1990, when

the Hong Kong government printed one million copies of the draft Basic Law for Hong Kong citizens to review and provide comment. (The draft Basic Law were distributed through 950 Hong Kong bank branches - left on counters for pick-up.) Even then the relationship between Chief Executive/Civil Service and LegCo did not elicit much comment, Leung remembered. He added that Beijing wanted the Basic Law to be as simple as possible and now Beijing consistently argues on the basis of "intent" of the law, while lawyers such as Martin Lee focus on the words and not the "intent."

15. (C) Leung stated that Hong Kong has been debating direct elections by universal suffrage for twenty years with little progress. He hoped that during the next round of consultations on this issue Hong Kong citizens will have the patience to consider the various issues involved, including the relationship between a directly elected Chief Executive and a LegCo that consists of district representatives and representatives of functional constituencies. He said that "We've tried to explain to the Hong Kong people that Hong Kong democracy is not self-contained" and concluded that Hong Kong's chief executive election process would produce Beijing-approved candidates.

Background

16. (U) The Executive Council, or ExCo, is an advisory body to the Chief Executive. ExCo is meant to ensure the CE takes advice from key members of government and society before using his otherwise broad unilateral powers. Leung who does not belong to any political party, is very influential in

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Hong Kong politics, but is not necessarily very popular. This is likely linked to his conservative stance on political issues and his defense of various pro-Beijing policies. The local Chinese press has tipped Leung as a possible contender for the Chief Executive election in 2012.

DONOVAN